

**ASSEMBLY BILL**

**No. 1740**

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**Introduced by Assembly Member Alejo**

February 1, 2016

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An act to amend Section 8169 of the Government Code, relating to state property.

LEGISLATIVE COUNSEL'S DIGEST

AB 1740, as introduced, Alejo. State property: Capitol Area Plan.

Existing law designates the Capitol Area Plan approved by the Director of General Services as the official state master plan for development in the City of Sacramento's central city area. Existing law requires the plan to be used as a guide for the location of state buildings and other facilities in the metropolitan area. Existing law governs the lease or sale of real property covered by the plan that is owned by the state and not under the jurisdiction of any other state agency.

This bill would make nonsubstantive changes to those lease and sale provisions.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1     SECTION 1. Section 8169 of the Government Code is amended
- 2     to read:
- 3     8169. (a) The director may lease the real property owned by
- 4     the state within the core area, and not under the jurisdiction of any
- 5     other state agency, for purposes consistent with the Capitol Area
- 6     Plan and the management thereof, for the term and upon terms and

1 conditions that the director ~~may deem~~ *deems to be* appropriate. A  
2 lease shall provide that any property subsequently leased by a joint  
3 powers authority for which a lease or rental for a period of five  
4 years or more is contemplated, shall be advertised and awarded  
5 utilizing for the purpose the same procedure followed by the  
6 director for other state properties. The director's authority to lease  
7 real property under this section shall include, but not be limited  
8 to, the authority to lease portions of buildings and facilities  
9 occupied or to be occupied in part by state agencies, to private  
10 parties, and other public agencies for office, residential, parking,  
11 and commercial uses consistent with the Capitol Area Plan.

12 (b) (1) The director may sell real property that is owned by  
13 the state within the Capitol Area Plan area that is not under the  
14 jurisdiction of any other state agency and that is designated for  
15 residential and commercial purposes in the 1997 update of the  
16 plan. If the director sells property under this section, that property  
17 shall be sold at its fair market value to the joint powers authority  
18 created pursuant to Section 8169.4 for resale and use in the  
19 development of residential and commercial properties consistent  
20 with the Capitol Area Plan. In addition, any property sold under  
21 this section shall not diminish the number of existing dwelling  
22 units or subsequently developed units that are required to be made  
23 available to low-income households pursuant to Section 8193. For  
24 the purposes of Section 8193, an existing residential dwelling unit  
25 or a subsequently developed unit located on land sold pursuant to  
26 this section shall continue to be included in the determination of  
27 the total number of dwelling units located on property leased by  
28 the joint powers authority created pursuant to Section 8169.4.

29 ~~The~~

30 (2) *The* director ~~may~~ *shall* not sell any existing residential  
31 properties pursuant to this subdivision that are under the  
32 management of the joint powers authority created pursuant to  
33 Section 8169.4 unless that sale is part of an overall development  
34 plan that will lead to a net increase in residential units on the  
35 affected site or sites.

36 ~~In~~

37 (3) *In* addition, the director ~~may~~ *shall* not sell any existing  
38 residential properties pursuant to this subdivision that are under  
39 the management of the joint powers authority created pursuant to  
40 Section 8169.4 unless a deed restriction is recorded against the

1 properties that contains an express condition and covenant that the  
2 real property conveyed shall be used only for residential purposes  
3 for a period of at least 45 years. "Residential purposes" means the  
4 same or substantially similar multifamily, single-family, or  
5 condominium use, or a mixed use, with the same or greater number  
6 of residential units on the affected site. The terms of the restriction  
7 are for the benefit of the public at large and for the benefit of all  
8 parcels of land located within the boundaries of the Capitol Area  
9 Plan. The residential use required by this subdivision shall bind  
10 all successive owners of the property for a period of 45 years from  
11 the date the property is conveyed by the joint powers authority.

12 (c) With respect to residential leases, the director's authority  
13 included in this section shall not extend beyond the Capitol area.  
14 The director shall ~~assure~~ ensure that tenants residing within the  
15 Capitol area are not involuntarily displaced as a result of leases  
16 executed after January 1, 1978. The director's authority shall also  
17 include the authority to enter into long-term leases not to exceed  
18 60 years and to pledge, subordinate, hypothecate, or to permit the  
19 assignment of these leases in connection with financing to be  
20 obtained by any lessee or sublessee.

21 (d) The director ~~may~~ shall not execute a sales agreement or  
22 lease agreement for a term lease of more than five years between  
23 the state and another entity, enter into a joint powers agreement,  
24 or issue revenue bonds or notes of evidences of indebtedness  
25 offered by the joint powers authority, if the agreement concerns  
26 state-owned property in the County of Sacramento or the County  
27 of Yolo, unless not less than 30 days prior to its execution he or  
28 she notifies and provides an economic analysis of the proposed  
29 sale to the Members of the Legislature who represent the Capitol  
30 area and the chairman of the committee in each house of the  
31 Legislature ~~which~~ that considers appropriations, the chairman of  
32 the appropriate policy committee in each house, and the Chairman  
33 of the Joint Legislative Budget Committee, or his or her designee,  
34 in writing of his or her intention to execute such an agreement.  
35 The chairman of the committee or his or her designee may  
36 determine a lesser notification period prior to execution. ~~A The~~  
37 *director shall provide a copy of the notice* ~~shall be provided~~ to  
38 any person who requests the director in writing for the notice.

39 (e) The Legislature hereby finds that it will be of broad public  
40 benefit to stimulate development of residential and commercial

1 components of the Capitol Area Plan. Therefore, the director may  
2 sell property to the joint powers authority created pursuant to  
3 Section 8169.4 at a price that is determined to be its fair market  
4 value and terms that have been determined to be appropriate to  
5 stimulate timely development to meet the goals set forth by the  
6 Legislature in the 1997 update of the Capitol Area Plan. The  
7 Capitol Area Development Authority may request these sales after  
8 providing the director with appropriate economic analysis in  
9 support of the value at which property is to be conveyed. The  
10 director may approve the sale of the property if he or she concurs  
11 with the economic analysis.

12 (f) The Legislature hereby finds that it will be of broad public  
13 benefit to lease some residential units in the Capitol area to persons  
14 and families of low or moderate income, as defined by Section  
15 50093 of the Health and Safety Code, for less than prevailing  
16 market rental rates. Therefore, the director may rent or provide for  
17 the rental of residential facilities to persons and families of low or  
18 moderate income for less than market rental rates and enter into  
19 long-term ground leases at nominal or below market rental rates  
20 when the director deems it will benefit these persons and families.

21 (g) All leases of state-owned property in the core area to any  
22 private person for other than parking shall be subject to possessory  
23 interest taxes in accordance with Chapter 1 (commencing with  
24 Section 101) of Part 1 of Division 1 of the Revenue and Taxation  
25 Code.

26 (h) The net proceeds of any moneys received from the  
27 disposition of any state parcels sold pursuant to subdivision (b)  
28 shall be deposited into the General Fund. The department shall be  
29 reimbursed for any cost or expense incurred in the disposition of  
30 any parcels.